

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

FINANCIAL REPORT
JUNE 30, 2012

Roslyn J. Allen
Certified Public Accountant

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

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EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

I have audited the accompanying statement of financial position of **Edgar P. Harney Spirit of Excellence Academy, Inc., (the School)**, a nonprofit corporation, as of June 30, 2012, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of **the School's** management. My responsibility is to express opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **the School** as of June 30, 2012, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2012, on my consideration of **the School's** internal control over financial reporting and my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

My audit was conducted for the purpose of forming an opinion on the basic financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Roslyn Allen, CPA

Roslyn J. Allen
Certified Public Accountant
December 28, 2012

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Statement of Financial Position
June 30, 2012

ASSETS**Current Assets**

Cash in bank - unrestricted	\$ 109,615
Cash in bank - restricted	16,617
Total cash	<u>126,232</u>
Grants receivable (note 4)	191,645
Deposits	6,854
Prepaid expense (note 5)	49,929
Total current assets	<u>374,660</u>

Capital Assets:

Property and equipment, net of accumulated amortization (note 6)	<u>215,402</u>
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TOTAL ASSETS	<u><u>\$ 590,062</u></u>
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LIABILITIES**Current Liabilities**

Accounts payable	\$ 107,492
Payroll taxes payable	8,040
Cash overdrafts (note 8)	65,144
Line of credit (note 9)	110,685
Notes payable (note 9)	162,613
Deposits held for others - School Student Activity Fund (note 14)	16,617
Total Current Liabilities	<u>470,591</u>

Long-term Liabilities

Notes payable (note 6)	114,973
Total Long-term Liabilities	<u>114,973</u>

Total Liabilities	585,564
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NET ASSETS

Unrestricted net assets	4,498
Total Net Assets	<u>4,498</u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 590,062</u></u>
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The accompanying notes to the financial statements are an integral part of these statements.

Statement B**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana****Statement of Activities
Year Ended June 30, 2012****REVENUES AND OTHER SUPPORT**

Grants:	
Federal	\$ 708,565
State	1,400
State Minimum Foundation Program	1,421,270
Local Minimum Foundation Program	1,534,095
Other revenue	206
	<hr/>
TOTAL REVENUE AND OTHER SUPPORT	3,665,536

EXPENSES

Instruction:	
Regular programs	1,960,747
Special education programs	260,468
Special programs	367,218
Supporting Services:	
Pupil services	71,568
General administration	120,313
School administration	415,254
Business services	104,736
Operation and maintenance of plant services	269,657
Student transportation services	272,468
Food service	34,872
	<hr/>
TOTAL EXPENSES	3,877,301

CHANGE IN NET ASSETS (211,765)

NET ASSETS AT BEGINNING OF YEAR, as restated (note 16) 216,263

NET ASSETS AT END OF YEAR \$ 4,498

The accompanying notes to the financial statements are an integral part of these statements.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Statement of Cash Flows
Year Ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (211,765)
Adjustments to reconcile change in net assets to cash provided (used) by operating activities:	
Adjustment - Restatement of beginning net assets	(8,216)
Amortization	215,402
(Increase) decrease in:	
Grants receivable	209,023
Prepaid expense	(26,175)
Increase (decrease) in:	
Accounts, payroll, and other payables	(191,278)
Cash overdraft	65,144
Deposits held for others - School Student Activity Fund	<u>6,506</u>
Net cash provided (used) by operating activities	<u>58,641</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Net cash from note payable	325,200
Net proceeds from (payments on) line of credit	<u>(383,050)</u>
Net cash provided (used) by financing activities	<u>(57,850)</u>
Net increase in cash	791
CASH AT BEGINNING OF YEAR	<u>125,441</u>
CASH AT END OF YEAR	<u><u>\$ 126,232</u></u>
Supplemental Disclosures:	
Interest paid	<u><u>\$ 29,267</u></u>

The accompanying notes to the financial statements are an integral part of these statements.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.

Notes to the Financial Statements
For the Year Ended June 30, 2012

Note 1 – Summary of Significant Accounting Policies

A. Organization

Edgar P. Harney Spirit of Excellence Academy, Inc. (the School) was organized as a non-profit corporation under the laws of the State of Louisiana on August 29, 2007. The corporation is organized exclusively for charitable and educational purposes. **The School's** mission is to create and maintain an orderly, trusting environment where teaching and learning are innovative and exciting, where students are taught to read, write, compute, and think critically according to their fullest potential.

Effective July 1, 2010, **the School** entered into a Charter School Contract with the Louisiana State Board of Elementary Education (BESE) to operate a Type 5 public charter school in the Louisiana Recovery School District as defined in LSA R.S. 17:3992 and 3998. The Charter School Contract was granted for an initial term of three years and will terminate on June 30, 2013, unless BESE grants a two-year extension.

B. Basis of Accounting

The School prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

C. Financial Statement Presentation

Financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profits Organization*. Under SFAS No. 117, **the School** is required to report information regarding its financial position and activities according to three classes of net assets; unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable.

Unrestricted – Support, revenues, and expenses for the general operation of **the School**.

Temporarily Restricted – Contributions specifically authorized by the grantor or donor to be used for a certain purpose or to benefit a specific period.

Permanently Restricted – Contributions subject to donor-imposed restrictions and that are to be held in perpetuity by **the School**. Generally, the donors of these assets permit **the School** to use all or part of the income derived from the investment of these contributions.

D. Public Support and Revenue

The School's primary source of funding is through the Minimum Foundation Program (MFP) funded by the state of Louisiana and the Orleans Parish School Board. **The School** receives \$1,421,270 from the State and \$1,534,095 from the Orleans Parish School Board per eligible

student at the official pupil count date of October 1, 2011, payable in monthly installments. State and Federal grants are on a cost reimbursement basis.

E. Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, **the School** considers all highly liquid debt instruments purchased with original maturities of three months or less to be cash equivalents.

F. Grants Receivable

The grants receivable are stated at the amount management expects to collect from outstanding balances. The financial statements do not include an estimate for allowance for doubtful accounts. Management believes that all receivables are collectible.

G. Capital Assets

Capital assets, which include property, equipment, and intangible assets (contractual agreement), are reported at historical cost or estimated cost. Donated assets are recorded at their estimated fair market value at the date of donation. **The School's** policy is to capitalize property and equipment over \$5,000. Repairs and maintenance and small equipment purchases are charged to expense when incurred.

Depreciation expense is recognized using the straight-line method over the estimated useful lives of the assets. Amortization of contractual agreements are recognized using the straight-line method over the lesser of the useful life of the improvement or the remaining term of the lease at the time the improvement is placed in service.

Depreciation and amortization are being recognized over the following periods:

	<u>Years</u>
Office furniture and equipment	5
Contractual agreement	3

H. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

I. Income Taxes

Income taxes are not provided for in the financial statements since **the School** is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and similar state provisions.

J. Contributions

Contributions are generally recorded only upon receipt, unless evidence or an unconditional promise to give has been received. Unconditional promises to give that are expected to be collected in future years are recorded at the present value for the amounts expected to be collected. Conditional promises to give are not included as support until such time as the conditions are substantially met. All contributions are considered available for unrestricted use unless specifically restricted by the donor. **The School** had no permanently restricted net assets as of the year ended June 30, 2012.

K. Compensated Absences

All employees are granted one day of paid sick/emergency leave for each month during each school year, which may be used for the employee's personal illness or medical consultation or for emergencies. Emergency for sick leave purposes shall be defined as a sudden or unexpected occurrence or combination of occurrences demanding prompt action on the part of the employee requesting leave, which, if said person fails to act promptly likely to cause significant harm, detriment or injury to said person or to a member of his or her immediate family.

Such leave, when not used, shall be allowed to accumulate to the credit of the employee without limitation. Upon retirement or death, **the School** shall pay the employee or his/her heirs or assigns, for any unused sick leave, not to exceed twenty-five (25) days. Such pay shall be at the daily rate of pay paid to the employee at the time of his/her retirement or death.

Note 2 – Concentration of Credit Risk

At June 30, 2012, **the School** had bank balances totaling \$182,905 on deposit in financial institutions located in Louisiana. All of the banks are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2012, **the School** had not uninsured cash balances.

The primary funding sources of **the School** are the Minimum Foundation Program (MFP) funding provided by the state to all public school systems in Louisiana is primarily based on October 1 student count and various direct and pass-through grants from federal and state agencies. If the amount of MFP and grants received fall below the expected student count and contract levels, respectively, **the School's** operating results could be adversely affected.

Note 3 – Retirement Plan

Substantially, all employees of **the School** are members of a safe harbor 403(b) Contributions Plan. Covered employees may elect to contribute a portion of their salaries to the plan. **The School** matching contribution to the Plan is 100% of the participant's compensation up to 5% and an additional 2% for contributions exceeding 4% of the participant's compensation. The School made contributions of \$100,388 to the Plan for the year ended June 30, 2012. No contributions were made to the Plan in prior years.

Note 4 – Grants Receivable

As of June 30, 2012, grants receivable consist of amounts due from the following sources:

Federal - U. S. Department of Education:	
Title I	\$ 95,419
Title II	18,428
Special Education - IDEA	7,546
Public Charter School Program	68,852
Total Federal	<u>190,245</u>
State of Louisiana:	
Extended School Year Services	<u>1,400</u>
Total Grants Receivable	<u>\$ 191,645</u>

Note 5 – Prepaid Expenses

Prepaid expenses consist of the following at June 30, 2012:

Insurance premiums	\$ 25,402
Recovery School District - Alternative Education Services	23,753
Others	<u>773</u>
Total	<u>\$ 49,928</u>

Note 6 – Capital Assets

Capital assets consist of the following at June 30, 2012:

	Balance July 1, 2011	Additions	Deletions	Balance June 30, 2012
Capital assets, being amortized:				
Intangible assets - Contractual agreement	\$ 646,206	\$ -	\$ -	\$ 646,206
Total capital assets, being depreciated	<u>646,206</u>	<u>-</u>	<u>-</u>	<u>646,206</u>
Less accumulated amortization for:				
Intangible assets - Contractual agreement	215,402	215,402	-	430,804
Total accumulated depreciation and amortization	<u>215,402</u>	<u>215,402</u>	<u>-</u>	<u>430,804</u>
Total capital assets, net	<u>\$ 430,804</u>	<u>\$ (215,402)</u>	<u>\$ -</u>	<u>\$ 215,402</u>

Amortization expense for the year ended June 30, 2012, totaled \$215,402.

Note 7 – Operating Leases

The School has an operating lease for office equipment. The lease for office equipment is year-to-year and expires on June 30th of each year. Total lease expense for the office equipment for the year ended June 30, 2012 totaled \$14,832.

Note 8 – Cash Overdrafts

The School has a cash management system under which a cash overdraft exists for uncleared checks in the School's primary operations account. The cash amount in the accompanying financial statements represents balances in other accounts prior to being transferred to the primary operations accounts. Cash overdrafts totals \$65,144 as of June 30, 2012, attributable to checks written but not yet cleared by the bank

Note 9 – Notes Payable / Line of Credit

Notes payable consist of a loan received from a local bank in the original amount of \$477,358 dated February 7, 2011. The note payable is unsecured with a 7% interest rate, payable in monthly installment of \$14,759 with the final payment due on February 7, 2014. At, June 30, 2012, the balance of the note totaled \$277,586.

Future maturities of the long-term notes payable are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total</u>
2013	\$ 162,613	\$ 14,489	\$ 177,102
2014	114,973	3,095	118,068
	<u>\$ 277,586</u>	<u>\$ 17,584</u>	<u>\$ 295,170</u>

The School has a revolving line of credit with a local bank with a limit of \$200,000. Interest accrues at the interest rate of 3.25%. The line of credit is secured by the assignment of proceeds from funding by the Louisiana Department of Education, contracts, and all related general intangibles. The balance as of June 30, 2012 is \$110,685.

Note 10 – School Facilities

Effective July 1, 2010, **the School** entered into an agreement with the BESE, which allows **the School** to use the school facilities and its contents located at 2503 Willow Street, New Orleans, Louisiana 70113. The agreement will expire on June 30, 2013, unless the BESE grants an extension for an additional two years.

Alterations made by **the School** shall not diminish the value of the property at the time the alterations are approved. Any physical additions or improvements to the property will become property of BESE. All assets purchased with public funds obtained from public sources will automatically revert to BESE at the time the charter school agreement is terminated. **The School** must maintain records of all school property in compliance with BESE policy and shall update **the School's** property inventory quarterly.

The School is responsible for repair and replacement of physical property. In addition, **the School** is responsible for and obligated to provide for routine maintenance and repairs such that the facilities and property are maintained in as good condition as when the right of use was acquired, excluding ordinary wear.

Use of the property is not recorded as an in-kind contribution from or related rent expense to BESE. The value of the land and building is not readily determinable. The agreement is classified as an exchange transaction because both parties receive significant value from this arrangement. Accordingly, the present value of the benefit to be received in future years has not been recorded.

Note 11 – Contingencies

The School is the recipient of grant funds from various federal and state agencies. The grants are governed by various guidelines, regulations, and contractual agreements. The administration of the programs and activities funded by the grants are under the control and administration of **the School** and are subject to audit and/or review by the applicable funding sources. Any grant funds found not to be properly spent in accordance with the terms, conditions, and regulations of the funding source may be subject to recapture.

Note 12 - Risk Management

The School is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. There were no settled claims that exceeded this commercial coverage for the year ended June 30, 2012.

Note 13 – Minimum Foundation Program (MFP)

The State of Louisiana provides funding which is determined on an annual basis based on the number of pupils enrolled in **the School** as of October 1st. This state-funded per pupil allocation is based on the most recently approved minimum foundation program formula resolution. For the year ended June 30, 2012, **the School** recognized revenue of \$1,421,270.

The Orleans Parish School Board (OPSB) provides funding to the State of Louisiana collected from local agencies, which pass through to **the School** as Local MFP. Revenues received by OPSB from sales taxes, ad valorem taxes, and other sources are allocated to each school based on its enrollment as of June 30. For the year ended June 30, 2012, **the School** recognized revenue of \$1,534,095.

Note 14 – Funds Held on Behalf of Others (School Student Activity Fund)

The School acts as a custodian for student activity accounts. Funds held on behalf of these groups amounted to \$16,617 at June 30, 2012, and is reported as both an asset (restricted cash) and a liability (Due to Student Activity). Consequently, there is no effect on **the School's** net assets.

Note 15 - Board of Directors' Compensation

The members of the Board of Directors serve in a voluntary capacity; therefore, no compensation, per diem, or travel allowances were paid to any board member during the year ended June 30, 2012.

Note 16 - Prior Period Adjustment

Beginning net assets for the year ended June 30, 2012, were restated as follows:

	<u>Amount</u>
Net assets at June 30, 2011, as previously reported	\$ 224,479
To adjust prior year expenses	<u>(8,216)</u>
Net assets at July 1, 2011, as restated	<u>\$ 216,263</u>

Note 17 – Subsequent Events

The School is required to evaluate events or transactions that may occur after the statement of financial position date for potential recognition or disclosure in the financial statements. **The School** performed such an evaluation through December 28, 2012, the date which the financial statements were available to be issued, and noted no subsequent events or transactions that occurred after the statement of financial position date requiring recognition or disclosure.

**INDEPENDENT AUDITOR'S REPORTS AND
INFORMATION REQUIRED BY THE SINGLE
AUDIT ACT AND
*GOVERNMENT AUDITING STANDARDS***

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

I have audited the financial statements of **Edgar P. Harney Spirit of Excellence Academy, Inc., (the School)**, a nonprofit organization as of and for the year ended June 30, 2012, and have issued my report thereon dated December 28, 2012. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of **the School** is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing my audit, I considered **the School's** internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **the School's** internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control such that there is a *reasonable possibility* that a *material misstatement* of **the School's** financial statements will not be prevented, or detected and corrected on a timely basis.

My consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above. However, I identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs, as item 2012-1 and 2012-2 that I consider to be a significant deficiency in internal control over financial reporting. A *significant deficiency* is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **the School's** financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, *noncompliance with which could have a direct and material effect on the determination of financial statement amounts*. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of *noncompliance or other matters that is required to be reported under Government Auditing Standards*.

I noted certain matters that I reported to management of **Edgar P. Harney Spirit of Excellence Academy, Inc.** in a separate letter dated December 28, 2012.

The School's response to the findings identified in my audit is described in the accompanying schedule of *findings and questioned costs*. I did not audit **the School's** response and, accordingly, I express no opinion on it.

This report is intended solely for the *information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies, and pass-through entities* and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the *Office of the Legislative Auditor* as a public document.

Roslyn J. Allen, CPA

Roslyn J. Allen
Certified Public Accountant
December 28, 2012

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

Compliance

I have audited **Edgar P. Harney Spirit of Excellence Academy, Inc.'s (the School)** compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **the School's** major federal programs for the year ended June 30, 2012. **The School's** major federal programs are identified in the Summary of Auditor's Results section of the accompanying Summary of Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal program is the responsibility of **the School's** compliance based on my audit. My responsibility is to express an opinion on **the School's** compliance based on my audit.

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that I plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **the School's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. I believe that my audit provides a reasonable basis for my opinion. My audit does not provide a legal determination of **the School's** compliance with those requirements.

In my opinion, **the School** complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

Management of **the School** is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing my audit, I considered **the School's** internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing my opinion on compliance and to test

and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

My consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, state and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn Allen, CPA

Roslyn J. Allen
Certified Public Accountant
December 28, 2012

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Federal Grantor / Pass Through or Grantor / Program Title	Federal CFDA Number	Grantor Project No.	Federal Expenditures
United States Department of Education - Passed Through the Louisiana Department of Education:			
Title I, Grants to Local Educational Agencies	84.010A	28-12-T1-5Z	\$ 338,503
Title I, School Improvement Program	84.010A	28-10-TA-5Z	21,550
Special Education - Grants to States	84.027A	28-12-B1-5Z	98,735
Public Charter Schools Federal Grant Program	84.282A	28-10-CH-5Z	219,765
Title II, Part A, Teacher and Principal Training and Recruiting Fund	84.367A	28-12-50-5Z	28,853
Education Jobs Fund	84.410A	N/A	<u>1,159</u>
Total Expenditures of Federal Awards			<u><u>\$ 708,565</u></u>

The accompanying Notes to the Schedule of Federal Awards are an integral part of this schedule.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

Note A – Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Edgar P. Harney Spirit of Excellence Academy, Inc.** and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profits Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Note B – Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule agree with the amounts reported in the federal financial reports.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statement

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- | | | | | |
|---|---------------|-----|---------------|----|
| • Material weakness(es) identified? | _____ | Yes | _____ x _____ | No |
| • Significant deficiency (ies) identified? | _____ x _____ | Yes | _____ | No |
| • Noncompliance material to financial statements noted? | _____ | Yes | _____ x _____ | No |

Federal Awards

Internal control over major programs:

- | | | | | |
|--|-------|-----|---------------|----|
| • Material weakness(es) identified? | _____ | Yes | _____ x _____ | No |
| • Significant deficiency (ies) identified? | _____ | Yes | _____ x _____ | No |

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?

	_____	Yes	_____ x _____	No
--	-------	-----	---------------	----

Identification of major program:

CFDA Numbers	Name of Federal Program or Cluster
84.010A	Title I, Grants to Local Educational Agencies
84.010A	Title I, School Improvement Program
84.282A	Public Charter Schools Federal Grant Program

Dollar threshold used to distinguish between type A and type B programs:

\$ 300,000

Auditee qualified as low-risk auditee? _____ Yes _____ x _____ No

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012

Section II - Financial Statement Findings

2012-1 Support for Cash Disbursements

Condition:

During the audit process, it was noted that support for credit card charges is not consistently attached to the payment vouchers of credit card statements. Furthermore, it was also noted that the business purpose of certain credit card charges was not documented. In several instances during the audit, I noted that disbursements made on the School's credit card were only supported by the monthly credit card statement and there was no original vendor invoices or check request form containing a description of the purpose for each disbursement made.

Criteria:

Good internal controls require that original receipts or invoices be retained as supporting documentation for all credit card charges. Such documentation is necessary to ensure credit card charges are only made for valid business purpose.

Cause:

Management has not placed sufficient emphasis on ensure that sufficient supporting documentation is on file and maintained.

Effect:

This practice could result in payment of unsupported credit card charges and thereby unauthorized expenses.

Recommendation:

I recommend that the School implement strict policies and procedures requiring that supporting receipts or invoices be submitted for all charges for which it is practical to obtain and that the business purpose of the expense be clearly documented. In addition, I recommend that the School's policies and reimbursement procedures be revised to require the payment of the credit card statements in full each month, to avoid the incurrence of finance charges.

Management's Response and Correction Action Plan:

Management has implemented procedures that require credit card statements to be reconciled to supporting documentation on a monthly basis. The Business Manager will obtain the supporting documentation from the Board Secretary by the 15th day of the following month being reconciled.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - *Concluded*
FOR THE YEAR ENDED JUNE 30, 2012

2012-2 School's Student Activity Fund

Condition:

My examination of accounting records related to the School's Student Activity Fund disclosed the following:

- Cash collections by teachers were not always supported by teacher collection logs disclosing name of remitter, date, amounts collected and activity or purpose.
- Disbursements made from student activity accounts were not always supported by a properly signed Check Request Form.
- There was no annual report on the School's Student Activity Fund's activities by the Principal or his designee to the Board President and/or Board of Directors. Such report shall be sufficiently detailed to notify the Board President and/or Board of Directors of account balances, significant deposits, significant expenditures, and any unresolved errors or discrepancies.

Criteria:

Management internal controls and procedures relating to the School's Student Activity Fund did not ensure compliance with LSA-RS 17:414.3, when performing its fiduciary and accountability duties related to the School's Student Activity Fund accounts.

Effect:

Management of the School's Student Activity Fund did not fully comply with LSA-RS 17:414.3.

Cause:

Management's internal controls, policies and procedures over the School's Student Activity Fund are not designed in such a manner to ensure compliance with LSA -RS 17:414.3.

Recommendation:

Management should design its internal controls, policies and procedures to ensure compliance with LSA-RS 17:414.3, when performing its fiduciary and accountability duties related to the School's Student Activity Fund.

Management's Response and Correction Action Plan:

Management will meet with the Business Manager to discuss the internal controls over management of the student activity funds and make necessary changes to be in compliance with LSA-RS 17:414.3.

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Section III – Federal Award Findings and Questioned Costs Findings

No findings or questioned costs reported for the year ended June 30, 2012.

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Financial Statement Findings

2011-1 Human Resources and Payroll Transactions

Recommendation:

Management design internal controls to ensure no one employee performs all these duties and human resources and payroll transactions are properly documented and recorded.

Response: Resolved

2011-2 Support for Cash Disbursements

Recommendation:

I recommend that the internal controls over credit card management be designed to ensure that original invoices are received and maintained on file to ensure all School credit card transactions are supported by proper documentation.

Response: Unresolved – See management letter comment 2012-1

2011-3 Student Activity Funds

Recommendation:

Management should design its internal controls and procedures to ensure compliance with LSA-RS 17:414.3, when performing its fiduciary and accountability duties related to the School Activity Fund.

Response: Unresolved – See management letter comment 2012-2

2011-4 Late Submission of the Audit Report

Recommendation:

Management should place emphasis on providing audit related data in a timely manner and establish design its internal controls over financial reporting to ensure compliance with LSA-R.S. 24:513A(5)(a).

Response: Resolved

Federal Award Findings and Questioned Costs Findings

2011-5 Suspension and Debarment

Recommendation:

Management should develop internal control procedures to verify with the EPLS, those entities to which they expect to pay \$25,000 or more for goods and services.

Response: Resolved

**EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2012**

Management Letter Comments

ML 2011-1 Include All Significant Matters in Minutes of Board Meetings

I recommend that matters such as pay raises, bonuses, loan transactions, the approval of significant contracts or agreements, and procedural changes be discussed, approved, and documented in Board minutes. When issues are discussed by teleconference or email, the discussion should be documented and maintained with other board minutes.

Response: Resolved

ML 2011-2 Check Signing – Consider Requiring Two Signatures

I suggest that **the School** consider developing a policy whereby checks written over a predetermined amount require two signatures. Allowances within this policy could be made for normal and recurring disbursements that exceed the established dollar limit.

Response: Resolved

LETTER TO MANAGEMENT

MANAGEMENT LETTER

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

In planning and performing my audit of the financial statements of **Edgar P. Harney Spirit of Excellence Academy, Inc., (the School)**, a nonprofit corporation, as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, I considered **the School's** internal controls over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purposes of expressing an opinion on the effectiveness of **the School's** internal control. Accordingly, I do not express an opinion on the effectiveness of **the School's** internal control.

However, during my audit I became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. I previously reported on **the School's** internal control in my report dated December 28, 2012. This letter does not affect my report dated December 28, 2012, on the financial statements of **the School**.

I will review the status of these comments during my next audit engagement. I have already discussed many of these comments and suggestions with various school personnel, and I will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or assist you in implementing the recommendations. My comments are summarized as follows:

ML 2012-1 Expenditure code assignment

Currently, none of the supporting documents related to the procurement and payment for goods or services reflect the expenditure code to be charged. The coding should take place during the purchase authorization process to facilitate the Business Manager's determination of whether sufficient funds are available to allow for the purchase. Only the accounting system contains the expenditure codes.

I recommend that **the School's** policies and procedures be revised to require that purchase requisitions, purchase orders, check stubs, etc. contain all expenditure codes relevant to each purchase or disbursement. When multiple expenditures codes relate to a disbursement, all codes and amounts should appear on the documents.

Management's Response and Correction Action Plan:

Management is in the process of modifying its check request form to include a section on the form for the Business Manager to indicate the expenditure account code of the transaction being paid.

ML 2012-2 Evidence of Receipt of Goods or Services Need Improvement

Packing slips and/or staff signature on invoices are currently being used as evidence of receipt of goods or services. However, during the audit process, it was noted that in numerous instances the absence of packing slips and staff signature on invoice existed. Also, the date of receipt did not accompany the staff signature in most instances.

I suggest that **the School** implement pre-numbered receiving reports that include vendor description, date of receipt, and reference to the packing slip or purchase order. The original copy of the receiving report and packing slip should be forwarded to the accounting department for processing. Payment of a vendor's invoice should not be made unless a copy of the receiving report is attached.

Management's Response and Correction Action Plan:

Management will implement a procedure that requires receiving reports to be completed for the receipt of goods at the school. The process will require that the individual in receipt of the goods will sign off on the receiving report.

I wish to thank the staff of **the School** for their support and assistance during my audit.

This report is intended solely for the information and use of the management, Board of Directors, the Legislative Auditor for the State of Louisiana, and is not intended to be and should not be used by anyone other than these specific parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Office of the Legislative Auditor as a public document.

Roslyn J. Allen, CPA

Roslyn J. Allen
Certified Public Accountant
December 28, 2012

STATE REPORTING SECTION

**Schedules Required by State Law
(R.S. 24:514 Performance and Statistical Data)**

**INDEPENDENT ACCOUNTANT'S REPORT
ON APPLYING AGREED-UPON PROCEDURES**

To the Board of Directors
Edgar P. Harney Spirit of Excellence Academy, Inc.
New Orleans, Louisiana

I have performed the procedures included in the *Louisiana Governmental Audit Guide* and enumerated below, which were agreed to by the management of the **Edgar P. Harney Spirit of Excellence Academy, Inc. (the School)**, a nonprofit corporation, and the Legislative Auditor, State of Louisiana, solely to assist users in evaluating management's assertions about the performance and statistical data accompanying the annual financial statements of **the School** and to determine whether the specified schedules are free of obvious errors and omissions as provided by the Board of Elementary and Secondary Education. Management of **the School** is responsible for its performance and statistical data. This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of *Government Auditing Standards*. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, I make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

My procedures and findings relate to the accompanying schedules of supplementary information and are as follows:

**General Fund Instructional and Support Expenditures and
Certain Local Revenue Sources (Schedule 1)**

1. I selected a random sample of 25 transactions and reviewed supporting documentation to determine if the sampled expenditures/revenues are classified correctly and are reported in the proper amounts for each of the following amounts reported on the schedule:
 - Total General Fund Instructional Expenditures
 - Total General Fund Equipment Expenditures
 - Total Local Taxation revenue
 - Total Local Earnings on Investment in Real Property
 - Total State Revenue in Lieu of Taxes
 - Nonpublic Textbook Revenue
 - Nonpublic Transportation Revenue

Comment: No differences noted.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.

Independent Accountant's Report on

Agreed-Upon Procedures

Education Levels of Public School Staff (Schedule 2)

2. I reconciled the total number of full-time classroom teachers per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total number of full-time classroom teachers per this schedule and to **the School** supporting payroll records as of October 1st.

Comment: No differences noted.

3. I reconciled the combined total of principals and assistant principals per the schedule "Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers" (Schedule 4) to the combined total of principals and assistant per this schedule.

Comment: No differences noted.

4. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1st and as reported on the schedule. I traced each of the teachers to the individual's personnel file and determine if the individual's education level was properly classified on the schedule.

Comment: No differences noted.

Number and Type of Public Schools (Schedule 3)

5. I obtained a list of schools by type as reported on the schedule. I compared the list to **the School** and grade levels as reported on the Title 1 Grants to Local Educational Agencies (CFDA 84.010) application. **The School** only operates grades one through eight.

Comment: No differences noted.

Experience of Public Principals, Assistant Principals, and Full-time Classroom Teachers (Schedule 4)

6. I obtained a list of full-time teachers, principals, and assistant principals by classification as of October 1 and as reported on the schedule and traced the same sample used in procedure 4 to the individual's personnel file and determined if the individual's experience was properly classified on the schedule.

Comment: No differences noted.

Public School Staff Data: Average Salaries (Schedule 5)

7. I obtained a list of all classroom teachers including their base salary, extra compensation, and ROTC or rehired status as well as full-time equivalent as reported on the schedule and traced each teacher to the individual's personnel file and determined if the individual's salary, extra compensation, and full-time equivalents were properly included on the schedule.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.

Independent Accountant's Report on
Agreed-Upon Procedures

Comment: No differences noted.

8. I recalculated the average salaries and full-time equivalents reported in the schedule.

Comment: No differences noted.

Class Size Characteristics (Schedule 6)

9. I obtained a list of classes by school, school type, and class size as reported on the schedule and reconciled school type classifications to Schedule 3 data, as obtained in procedure 5. I then traced a random sample of 10 classes to the October 1st roll books for those classes and determined if the class was properly classified on the schedule.

Comment: No differences noted.

Louisiana Educational Assessment Program (LEAP) (Schedule 7)

10. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

Comment: No differences noted.

Graduation Exit Exam (GEE) (Schedule 8)

11. Because this schedule does not apply to an elementary school, I did not obtain test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

Comment: Not applicable.

iLEAP Tests (Schedule 9)

12. I obtained test scores as provided by the testing authority and reconciled scores as reported by the testing authority to scores reported in the schedule by **the School**.

Comment: No differences noted.

I was not engaged to, and did not perform an examination, the objective of which would be the expression of an opinion on management's assertions. Accordingly, I do not express such an opinion. Had I performed additional procedures, other matters might have come to our attention that would have been reported to you.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.

Independent Accountant's Report on

Agreed-Upon Procedures

This report is intended solely for the use of management of **Edgar P. Harney Spirit of Excellence Academy, Inc.**, the Louisiana Department of Education, the Louisiana Legislature, and the Louisiana Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Roslyn Allen, CPA

Roslyn J. Allen
Certified Public Accountant
December 28, 2012

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Schedules Required by State Law (R.S. 24:514 – Performance and Statistical Data)
As of and for the Year Ended June 30, 2012

Schedule 1 – General Fund Instructional and Support Expenditures and Certain Local Revenue Sources

This schedule includes general fund instructional and equipment expenditures. It also contains local taxation revenue, earnings on investments in real property, revenue in lieu of taxes, and nonpublic textbook and transportation revenue. This data is used either in the Minimum Foundation Program (MFP) formula or is presented annually in the MFP 70% Expenditure Requirement Report.

Schedule 2 – Education Levels of Public School Staff

This schedule includes the certificated and uncertificated number and percentage of full-time classroom teachers and the number and percentage of principals and assistant's with less than a Bachelor's; Master's; Master's +30; Specialist in Education; and Ph. D or Ed. D. degrees. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 3 – Number and Type of Public Schools

This schedule includes the number of elementary, middle/junior high, secondary and combination schools in operation during the fiscal year. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 4 – Experience of Public Teachers, Assistant Principals, and Full-time Classroom Teachers

This schedule includes the number of years of experience in teaching for assistant principals, principals, and full-time classroom teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 5 – Public School Staff Data – Average Salaries

This schedule includes average classroom teachers' salary using full-time equivalents, including and excluding ROTC and rehired retiree teachers. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 6 – Class Size Characteristics

This schedule includes the percent and number of classes with student enrollment in the following ranges: 1-20, 21-26, 27-33, and 34+ students. This data is currently reported to the Legislature in the Annual Financial and Statistical Report (AFSR).

Schedule 7 – Louisiana Educational Assessment Program (LEAP)

This schedule represents student performance testing data and including summary scores by district for grades 4 and 8 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule includes two year of data.

(Continued)

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.

Schedules Required by State Law (R.S. 24:514 – Performance
and Statistical Data) - Concluded

As of and for the Year Ended June 30, 2012

Schedule 8 – Graduation Exit Exam

This schedule represents student performance testing data and including summary scores by district for grades 10 and 11 in each category tested. Scores are reported as Advanced, Mastery, Basic, Approaching Basic, and Unsatisfactory. This schedule does not apply to elementary schools, and therefore, this schedule is not applicable.

Schedule 9 – The IOWA Tests

This schedule represents student performance testing data and including summary score for grades 3, 5, 6, 7 and 9 for each district. The summary score reported is the National Percentile Rank showing relative position or rank as compared to a large, representative sample of students in the same grade from the entire nation. This schedule includes two years of data. **The School** does not operate grades 9; therefore, achievement level results for this grade is not applicable.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

**General Fund Instructional and Support Expenditures
and Certain Local Revenue Sources
For the Year Ended June 30, 2012**

General Fund Instructional and Equipment Expenditures

General Fund Instructional Expenditures:	
Teacher and Student Interaction Activities:	
Classroom Teacher Salaries	\$ 1,015,152
Other Instructional Staff Activities	133,285
Employee Benefits	330,047
Purchased Professional and Technical Services	115,490
Instructional Materials and Supplies	211,225
Instructional Equipment	<u> </u>
Total Teacher and Student Interaction Activities	\$ 1,805,199
Other Instructional Activities	35,792
Pupil Support Activities	71,568
Less: Equipment for Pupil Support Activities	<u> </u>
Net Pupil Support Activities	71,568
Instructional Staff Services	
Less: Equipment for Instructional Staff Services	<u> </u>
Net Instructional Staff Services	<u> </u>
School Administration	415,254
Less: Equipment for School Administration	<u> </u>
Net School Administration	<u> </u> 415,254
Total General Fund Instructional Expenditures	<u> </u> \$ 2,327,813
Total General Fund Equipment Expenditures	<u> </u> \$ -

Certain Local Revenue Sources

Local Taxation Revenue:	
Constitutional Ad Valorem Taxes	\$ -
Renewable Ad Valorem Tax	-
Debt Service Ad Valorem Tax	-
Up to 1% of Collections by the Sheriff on Taxes Other than School Taxes	-
Sales and Use Taxes	<u> </u>
Total Local Taxation Revenue	<u> </u> \$ -
Local Earnings on Investment in Real Property:	
Earnings from 16th Section Property	\$ -
Earnings from Other Real Property	<u> </u>
Total Local Earnings on Investment in Real Property	<u> </u> \$ -
State Revenue in Lieu of Taxes:	
Revenue Sharing - Constitutional Tax	\$ -
Revenue Sharing - Other Taxes	-
Revenue Sharing - Excess Portion	-
Other Revenue in Lieu of Taxes	<u> </u>
Total State Revenue in Lieu of Taxes	<u> </u> \$ -
Nonpublic Textbook Revenue	<u> </u> \$ -
Nonpublic Transportation Revenue	<u> </u> \$ -

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Education Levels of Public School Staff
As of October 1, 2011

Category	Full-time Classroom Teachers				Principals & Assistant Principals			
	Certificated		Uncertificated		Certificated		Uncertificated	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Less than a Bachelor's Degree	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Bachelor's Degree	9	57.0%	5	100.0%	0	0.0%	0	0.0%
Master's Degree	4	36.0%	0	0.0%	1	50.0%	0	0.0%
Master's Degree + 30	1	7.0%	0	0.0%	1	50.0%	0	0.0%
Specialist in Education	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Ph. D. or Ed. D.	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Total	14	100.0%	5	100.0%	2	100.0%	0	0.0%

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Number and Type of Public Schools
For the Year Ended June 30, 2012

Type	Number
Elementary	1
Middle/Jr. High	0
Secondary	0
Combination	0
Total	1

Note: Schools opened or closed during the fiscal year are included in this schedule.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Experience of Public Principals, Assistant Principals, and Full Time Classroom Teachers
As of October 1, 2011

	0-1 Yr.	2-3 Yrs.	4-10 Yrs.	11-14 Yrs.	15-19 Yrs.	20-24 Yrs.	25+ Yrs.	Total
Assistant Principals	0	0	0	0	1	0	0	1
Principals	0	0	0	0	0	0	1	1
Classroom Teachers	4	1	7	1	0	1	5	19
	4	1	7	1	1	1	6	21

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Public School Staff Data
For the Year Ended June 30, 2012

	All Classroom Teachers	Classroom Teachers Excluding ROTC, Rehired Retirees, and Flagged Salary Reductions
Average Classroom Teachers Salary Including Extra Compensation	\$47,148.23	\$45,529.96
Average Classroom Teachers Salary Excluding Extra Compensation	\$45,148.70	\$43,870.40
Number of Teacher Full-Time Equivalents (FTEs) used in Computation of Average Salaries	19	17

Note: Figures reported include all sources of funding (i.e., federal, state, and local) but exclude stipends and employee benefits. Generally, retired teachers rehired to teach receive less compensation than non-retired teachers; some teachers may have been flagged as receiving reduced salaries (e.g., extended medical leave; and ROTC teachers usually receive more compensation because of a federal supplement. For these reasons, these teachers are excluded from the computation in the last column. This schedule excludes day-to-day substitutes, temporary employees, and any teachers on sabbatical leave during any part of the school year.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Class Size Characteristics
As of October 1, 2011

School Type	Class Size Range							
	1 - 20		21 - 26		27 - 33		34+	
	Percent	Number	Percent	Number	Percent	Number	Percent	Number
Elementary	39.4%	39	60.6%	60	0.0%	0	0.0%	0
Elementary Activity Classes	66.7%	2	33.3%	1	0.0%	0	0.0%	0
Middle/Jr. High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Middle/Jr. High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High	0.0%	0	0.0%	0	0.0%	0	0.0%	0
High Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination	0.0%	0	0.0%	0	0.0%	0	0.0%	0
Combination Activity Classes	0.0%	0	0.0%	0	0.0%	0	0.0%	0

Note: The Board of Elementary and Secondary Education has set specific limits on the maximum size of classes at various grade levels. The maximum enrollment in grades K-3 is 26 students and maximum enrollment in grades 4-12 is 33 students. These limits do not apply to activity classes such as physical education, chorus, band, and other classes without maximum enrollment standards. Therefore, these classes are included only as separate line items.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Louisiana Educational Assessment Program (LEAP)
For the Year Ended June 30, 2012

School Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0%	2	4%			1	2%	2	4%		
Mastery	12	29%	11	24%			11	27%	10	22%		
Basic	21	51%	20	43%	N/A	N/A	17	41%	20	43%	N/A	N/A
Approaching Basic	6	15%	9	20%			10	24%	9	20%		
Unsatisfactory	2	5%	4	9%			2	5%	5	11%		
Total	41	100%	46	100%	0	0%	41	99%	46	100%	0	0%

School Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 4												
Advanced	0	0%	0	0%			0	0%	0	0%		
Mastery	2	5%	1	2%			3	7%	3	7%		
Basic	27	66%	17	37%	N/A	N/A	28	68%	27	59%	N/A	N/A
Approaching Basic	10	24%	23	50%			5	12%	10	22%		
Unsatisfactory	2	5%	5	11%			5	12%	6	13%		
Total	41	100%	46	100%	0	0%	41	99%	46	101%	0	0%

School Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%	0	0%			0	0%	0	0%		
Mastery	0	0%	0	0%			0	0%	0	0%		
Basic	8	36%	12	60%	N/A	N/A	12	55%	10	50%	N/A	N/A
Approaching Basic	12	55%	7	35%			7	32%	8	40%		
Unsatisfactory	2	9%	1	5%			3	14%	2	10%		
Total	22	100%	20	100%	0	0%	22	101%	20	100%	0	0%

School Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 8												
Advanced	0	0%	0	0%			0	0%	0	0%		
Mastery	0	0%	0	0%			0	0%	0	0%		
Basic	5	23%	4	20%	N/A	N/A	3	14%	9	45%	N/A	N/A
Approaching Basic	8	36%	10	50%			11	50%	9	45%		
Unsatisfactory	9	41%	6	30%			8	36%	2	10%		
Total	22	100%	20	100%	0	0%	22	100%	20	100%	0	0%

Note: The Academy was not in operation during the 2010 academic year, therefore no achievement level results are presented for that year.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

Graduation Exit Exam
For the Year Ended June 30, 2012

District Achievement Level Results	English Language Arts						Mathematics					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 10												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

District Achievement Level Results	Science						Social Studies					
	2012		2011		2010		2012		2011		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 11												
Advanced												
Mastery	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Basic												
Approaching Basic												
Unsatisfactory												
Total												

Note: Edgar P. Harney Spirit of Excellence Academy is a elementary school, therefore this schedule does not apply.

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

The *i*LEAP Tests
For The Year Ended June 30, 2012

*i*LEAP Tests

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total	0	0%	0	0%	0	0%	0	0%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2010		2010		2010		2010	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced								
Mastery								
Basic	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Approaching Basic								
Unsatisfactory								
Total								

(Continued)

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

The iLEAP Tests
For The Year Ended June 30, 2012

iLEAP Tests

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	2%	1	2%	2	5%	0	0%
Basic	13	30%	14	32%	6	14%	17	39%
Approaching Basic	14	32%	15	34%	29	66%	17	39%
Unsatisfactory	16	36%	14	32%	7	16%	10	23%
Total	44	100%	44	100%	44	101%	44	101%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	2	7%	0	0%	1	3%	0	0%
Basic	15	52%	16	55%	7	24%	11	38%
Approaching Basic	9	31%	11	38%	13	45%	11	38%
Unsatisfactory	3	10%	2	7%	8	28%	7	24%
Total	29	100%	29	100%	29	100%	29	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%
Basic	5	28%	11	61%	8	44%	3	17%
Approaching Basic	10	56%	1	6%	6	33%	5	28%
Unsatisfactory	3	17%	6	33%	4	22%	10	56%
Total	18	101%	18	100%	18	99%	18	101%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2011		2011		2011		2011	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	0	0%	0	0%	0	0%	0	0%
Basic	8	40%	12	60%	4	20%	2	10%
Approaching Basic	7	35%	7	35%	10	50%	15	75%
Unsatisfactory	5	25%	1	5%	6	30%	3	15%
Total	20	100%	20	100%	20	100%	20	100%

(Continued)

EDGAR P. HARNEY SPIRIT OF EXCELLENCE ACADEMY, INC.
New Orleans, Louisiana

The iLEAP Tests
For The Year Ended June 30, 2012

iLEAP Tests

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 3								
Advanced	1	2%	3	7%	1	2%	0	0%
Mastery	3	7%	5	12%	6	14%	2	5%
Basic	19	44%	20	47%	17	40%	21	49%
Approaching Basic	16	37%	12	28%	15	35%	13	30%
Unsatisfactory	4	9%	3	7%	4	9%	7	16%
Total	43	99%	43	101%	43	100%	43	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 5								
Advanced	0	0%	1	3%	0	0%	0	0%
Mastery	1	3%	2	5%	0	0%	1	3%
Basic	18	47%	13	34%	17	45%	15	39%
Approaching Basic	14	37%	14	37%	18	47%	13	34%
Unsatisfactory	5	13%	8	21%	3	8%	9	24%
Total	38	100%	38	100%	38	100%	38	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 6								
Advanced	0	0%	0	0%	0	0%	0	0%
Mastery	1	4%	2	8%	0	0%	0	0%
Basic	13	52%	15	60%	12	48%	9	36%
Approaching Basic	10	40%	4	16%	9	36%	11	44%
Unsatisfactory	1	4%	4	16%	4	16%	5	20%
Total	25	100%	25	100%	25	100%	25	100%

School Achievement Level Results	English Language Arts		Mathematics		Science		Social Studies	
	2012		2012		2012		2012	
Students	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Grade 7								
Advanced	0	0%	1	6%	0	0%	0	0%
Mastery	1	6%	1	6%	0	0%	0	0%
Basic	10	59%	12	67%	6	35%	9	53%
Approaching Basic	5	29%	3	17%	7	41%	6	35%
Unsatisfactory	1	6%	1	6%	4	24%	2	12%
Total	17	100%	18	102%	17	100%	17	100%

Also, the Academy was not in operations during the 2010 academic year, therefore no achievement level results are presented for that year.

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